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CENTRAL INTELLIGENCE AGENCY

REPORT NO. [REDACTED]

**INFORMATION REPORT**

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COUNTRY Free Territory of Trieste/Yugoslavia

DATE DISTR. 30 October 1951

SUBJECT Economic Report on Zone B Given at Koper District Committee Meeting

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SUPPLEMENT TO REPORT NO.

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1. On 21 September 1951, the District Committee of the Yugoslav Communist Party in Koper held an ordinary session under the presidency of Ernest Vattovaz. Nerino (or Gino) Gobbo, a member of the District Committee, gave an economic report which emphasized the gradual amelioration of Koper's economy as a result of its attachment to the Yugoslav hinterland. However, Gobbo stated that as of 31 July 1951 the annual economic plan for the area was only 37 per cent complete. He offered the following explanation and criticism:
2. The economic plan was generally mishandled. Lack of foreign exchange caused a shortage of raw materials while government bureaus were not conscious of the difficulties of production nor of the real needs of the various enterprises, particularly of the bauxite and stone industries.
3. The reactivation of the Sicole coal mines, which was to be completed by the end of 1951, will not be completed at that time despite the expenditure of 11,000,000 dinars on the project.
4. On 31 July 1951, the production of salt had reached only 10,000 tons or 40 per cent of the 1951 plan. Because of a lack of machinery, no salt refining was done. Production of soap, lime and bricks did not meet the quota set.
5. Agricultural production was high on the independent farms but low on the collective farms which lack administrative experience and make serious errors.
6. An experimental stock breeding station has been established at Ankarano to improve the breeds of chicken and swine raised in the area. Despite this stimulus, stock production fell below the 1950 level.
7. Public works construction was not progressing satisfactorily. The construction of the Villa Dekani-Rizan road was behind schedule. Fifty per cent of the appropriations for the following roads had been spent without visible results: Portoroz-Piran, Skoflje-Sicole, Kaldanija-Buje, Buje-Krassica. A total of 10,000 dinars were spent for the purpose of city

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modernization at Umag, Isola, Dajla and Novi Grad without positive results.

8. Tourism brought a total income of 48,000,000 dinars to Portoroz. However, the Palace Hotel alone operated efficiently. In the rest of Zone B, the hotels, including ten at Koper, required extensive remodeling and produced small returns. The tourist trade was injured by the indifference shown by local trade and travel promoters and the unfavorable reports published by the Trieste press.
9. Six million dinars were spent on electrification in Zone B and results have been even poorer since experts from Ljubljana took over the project.
10. Although large sums of money were spent on hospitals, they remain in poor condition.
11. The conclusion drawn from Gobbo's report and the discussion which followed its presentation was that it will be necessary to decrease the amount of manpower employed in the annual plan and use the threat of layoffs to stimulate worker production.

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